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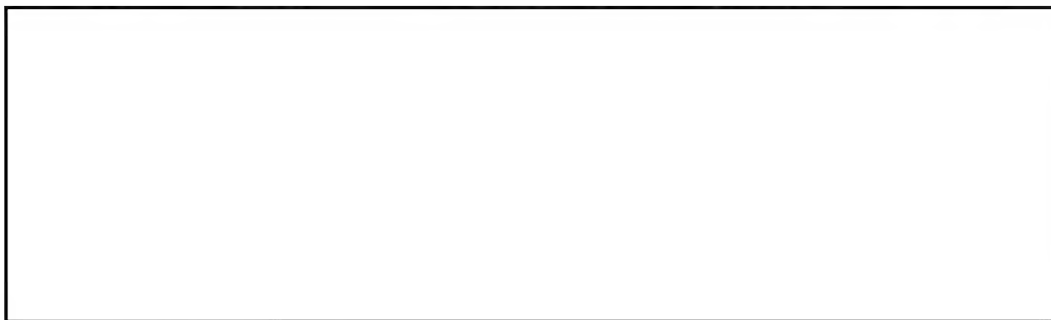
12 July 1966

THAILAND

The Communists in Thailand appear determined to step up the pace of their subversion.

The Peking-based "Thai Patriotic Front" marked its first anniversary last December by calling for "armed struggle" in Thailand to be expanded into a "people's war."

--it is now openly warning that the "Vietnamese people" may become involved in Thailand.



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The Front's statement is pegged to the recent announcement that a small Thai military contingent is going to South Vietnam. The statement also puts great emphasis on the expanding US presence in Thailand, apparently in an effort to portray the Communist movement as a struggle for independence.

The Communists inside Thailand have become more active during the past several weeks:

THAI-1

--a marked increase in the pace of Communist terrorism, training, and recruiting has been noted, principally in the northeast provinces.

--on 28 May, a 22-man government police patrol was ambushed by an estimated 100 insurgents (NONG KI) in Nong Khai Province,

--on 28 June, terrorists boldly entered a police station in Udorn Province and seriously wounded three policemen.

--the Communists also launched their first attacks against regular Thai Army elements in the northeast, with a small attack and an ambush in Ubon and Sakhon Nakhon provinces in mid-May.

--in part, the insurgents appear to be reacting more aggressively to recent government suppression operations.

The Thai Government continues to give strong backing to US foreign policy, particularly in Southeast Asia.

--the Thais have been reassured over the past year by US determination in South Vietnam.

THAI-2

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The traditional animosity between Thailand and Cambodia has:

--erupted in recent months into a series of armed clashes at isolated border posts along the 400-mile frontier.

THAI-3

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12 July 1966

CAMBODIA

Cambodia is still primarily concerned with trying to avoid involvement in the South Vietnam war.

(SEE' -AN- OOK
Prince Sihanouk is presently groping for an effective diplomatic response to what he views as a grave threat to Cambodia--US public statements that hot pursuit of the Viet Cong might involve military ground operations on Cambodian territory. He has:

- forcefully reiterated denials that Viet Cong use Cambodia for sanctuary or as a source of arms and ammunition,
- invited inspection and control of border areas by an expanded International Control Commission

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[REDACTED] it is clear that Cambodia still is severely limited in its capability to control Viet Cong activities, many of which take place in isolated areas and involve smuggling and other covert and illegal means.

(SEE'-AN-00K)

Sihanouk is apparently making a new attempt at a political accommodation with the Vietnamese Communists.

--in an April 24 speech, he claimed that Cambodia would sign agreements with North Vietnam and the National Liberation Front, but he did not spell out what the agreement would cover,
--the recent granting of diplomatic status to Hanoi's commercial delegation in Phnom Penh suggests that careful preparations are being made to reach a formal understanding.

Sihanouk's objective in probing for a political understanding with the Communists at this juncture is not clear, but it may be related to:

--a growing realization that the Communists will need to make greater use of Cambodian territory as the war in South Vietnam intensifies.

CAM-2

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(SEE'-AN-00K)

--Sihanouk's desire to increase Cambodia's

leverage in dealing with the Communists.

Sihanouk, meanwhile, is coming under increasing criticism at home as the country's fragile economic situation continues to deteriorate. This criticism has been aggravated by predictions that rice exports, Cambodia's major source of income, will be below the level of past years, apparently as a result of a poor harvest, government mismanagement, and illicit outflow of rice to the Viet Cong.

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CAM-3

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11 July 1966

LAOS

The military situation has remained generally stable in Laos over the past year, with both Communist and non-Communist forces primarily interested in consolidating their areas of control.

In north Laos, however, there have been sharp thrusts and counterthrusts as Communist and government troops have vied for control over disputed territory.

--sharp clashes have occurred recently between
(BON BON) (SAM-NOO-AH)
Ban Ban and Samneua as the Communists continue
their efforts to maintain access to the plains
des Jarres from Samneua.

--Major actions last winter saw the Communists
move south from Samneua town to capture several
key government positions along Route 6,
(NAH KANG) (WAH MONG) (MONG HEEM)
including Na Khang, Hua Muong, and Muong Hiem.

--Government forces recently have rallied to
retake Na Khang and Muong Hiem.

In the south, Communist forces have been successful
in blocking government efforts to move into the infiltration
corridor running through eastern Laos.

LAOS-1

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--the North Vietnamese, apparently determined to retain absolute control over the key Panhandle areas, have positioned substantial numbers of troops along the infiltration routes leading south.

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The Communists are continuing their efforts to move substantial supplies south along the Panhandle road net.

--Friendly guerrilla teams positioned in eastern Laos report that Communist trucks are continuing to move south along key infiltration routes.

--Although the rainy season has begun, strenuous Communist efforts to improve their roads may permit some continued traffic through the summer months.

LAOS-2

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The Communists have also been engaged in expanding their road net in southern Laos:

- Possibly with the acquiescence of the Cambodians, the Communists have completed a road leading from northeastern Cambodia through the southeastern tip of Laos to the South Vietnamese border.
- Reports indicate some supply activity from Cambodia to South Vietnam along this route.

LAOS-3

13 July 1966

BURMA

(NAY WIN)

General Ne Win admitted recently that the Burmese economy is in a "terrific mess," but he declined to offer any new policies.

--foreign trade is still declining and foreign exchange reserves have dwindled;

--artificial shortages in consumer commodities have developed as a result of the government's inept handling of the distribution system.

Ne Win has been as unsuccessful in coping with mounting insurgency:

BURMA-1

--Insurgency normally rises at the beginning of the dry season in October, but the level of activity now appears to be somewhat higher than usual.
(NAY WIN)

--Ne Win reportedly estimates that his government now controls only 65 percent of the country, as compared to 75 percent four years ago.

The government continues its policy of neutrality, nonalignment, and noninvolvement in international affairs. Ne Win, however, is sometimes compelled to assume a more accommodating posture toward Communist China than he probably desires because of China's vastly superior might and close proximity.

Ne Win's government is unlikely to undergo any significant changes in the foreseeable future, barring some external development which profoundly affects Burma's interests.

--Economic problems will persist, but aid from abroad, abundant natural resources, and the moderate needs of the agricultural masses should prevent a sudden collapse.

--Insurgency will continue to drain the government's resources and will continue to be

BURMA-2

the major obstacle to the political and economic integration of the country.

(NAY WIN)
The Ne Win regime is not currently endangered because:

- the populace remains apathetic,
- the insurgents lack unity and centralized direction,
- the army remains essentially loyal despite certain misgivings about Ne Win's "Burmese Way."

BURMA-3

12 July 1966

INDIA

Relations with Pakistan continue to dominate India's foreign policy.

- India wants better relations if only to satisfy US and Soviet demands for peace on the subcontinent.
- Government of Mrs. Gandhi believes strongly, however, that meaningful Indian concessions on status of Kashmir now would be political suicide with general elections coming up next February.

The Tashkent Declaration of January 10th eased much of the tension the fighting created last fall, but the basic underlying problems remain. There also has been a gradual dissipation of the "Tashkent spirit."

- The first round of cabinet level talks held in Rawalpindi in early March was generally disappointing.
- Pakistani negotiators insisted that Kashmir issue be tackled first; Indians were not willing to do so.
- Both countries want to keep dialogue going, but no date has been set for the second round of cabinet-level meetings.
- Efforts by India and Pakistan to involve the USSR directly in reviving "the Tashkent spirit" have met with no success and the USSR appears most reluctant to again put its prestige on the line in attempting to resolve differences.

India has increased the size of its army and now holds an approximately 5:1 numerical advantage over Pakistan.

IND-1

The Chinese are maintaining substantial forces in Tibet although there have been no significant clashes along the 1,500-mile Sino-Indian frontier since mid-December. They may resume their harassment of Indian border forces in coming months.

- The Chinese capability for intervention on a major scale, however, is somewhat limited by problem of deploying and supplying large forces across Tibet. Railheads are 500 to 1,000 miles or more removed from critical pressure points against India.
- Many prominent Indians--including important Congress Party figures--reacted with alarm to the third Chinese Communist nuclear test.
- Nevertheless, the Gandhi government has reiterated its firm resolve not to develop an Indian nuclear weapons system.
- Pressures for an Indian bomb will grow as Chinese test program advances, but New Delhi

IND-2

will probably be able to hold to its policy of restraint for next two or three years. Partly as a result of India's fear of growing Chinese power, New Delhi has reacted nervously to recent events in Vietnam.

--Indians regard any event, such as bombings of Hanoi and Haiphong, which could force US and USSR apart and/or USSR and China together as dangerous due to Indian reliance on both Washington and Moscow in any future confrontation with Peking.

--Mrs. Gandhi's 7 July proposals for ending war in Vietnam should be seen in this context. Mrs. Gandhi's visit to Moscow (12-16 July) was scheduled prior to the recent escalation of the war in Vietnam and appears to be primarily an effort to balance the visit to Washington of last spring. Reports indicate the Russians may wish to discuss some recent Indian moves, particularly in domestic economic policy, which have been viewed as demonstrating closer Indian ties with the US. India has faced severe food problems as a result of one of the worst droughts in recent history.

--Minimum Indian domestic requirements for food grains for 1966 are now estimated to be some 11-12 million tons above anticipated production. Over 10 million tons have been committed thus far, mostly under US PL-480 agreements. Even with a good autumn harvest, India will need to import 7-8 million tons in 1967.

IND-3

--Although massive imports have eliminated the threat of widespread starvation, extreme hardship may yet be experienced in many areas during next three months. Indian efforts to control distribution are hampered by lack of transportation, and by administrative red tape.

Mrs. Gandhi faces other domestic problems besides food scarcities and an upcoming general election.

--Incipient or actual tribal unrest in Eastern India is tying down over 40,000 troops.

--Communal rioting of last spring in the northwestern state of Punjab could erupt again when the existing state is partitioned this fall.

--Within Mrs. Gandhi's Congress Party there is growing opposition from the members of the left wing to what they regard as her subservience to the West, particularly in the economic field.

IND-4

12 July 1966

PAKISTAN

Pakistan's President Ayub is still under heavy pressure to show some progress on the Kashmir issue.

--Domestic propaganda portrayed the 1965 war with India as a victory. As it became apparent that the war ended in a draw at best there was subsequent confusion in Pakistan followed by bitterness.

--Pakistan may decide to take the Kashmir problem back to the UN Security Council, hoping that the US might support a new Kashmir move and the USSR might not automatically veto it.

Pakistan is trying to bolster its armed forces.

--It is in the process of raising at least two new divisions.

--Pakistan's armored units and air force were drastically affected by suspension of US military aid last fall.

--Pakistanis believe their primary need is for spare parts for previously supplied US tanks, planes, and other combat equipment.

PAK-1 .

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--Washington's lifting of the prohibition on the sale of nonlethal military equipment has been greeted with little enthusiasm.

--Saudi Arabia, Turkey, and Iran have given limited quantities of arms and ammunition.

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--Communist China has become a major supplier of military equipment to Pakistan since the Indo-Pakistan hostilities last fall. Small arms, artillery, at least 150 medium tanks, more than 40 MIG-19 aircraft, and a few IL-28 medium jet bombers have already been received from China.

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PAK-2

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Moscow presumably would hope to counter growing Chinese influence and further erode US prestige in Rawalpindi by a policy of supplying arms to Pakistan, but it would need to balance these possible benefits against probable serious damage to the Russian position in India.

Despite improved relations with Communist China, Ayub has tried to avoid antagonizing the US.

--He is vitally interested in US economic aid continuing (it recently resumed).

--He may hope Washington eventually will permit shipments of arms and spare parts again.

Ayub is also faced with growing political problems. The increasingly restive population of East Pakistan has long been suspicious of the central government, which is dominated by West Pakistan.

--Opposition leaders hope to capitalize on dissatisfaction with Ayub's handling of East Pakistan's defenses during the war with India. They have been pressing the central government to grant greater autonomy to the province.

--The government, fearful that appeals of autonomy today could become demands for independence

PAK-3

tomorrow, appears to be turning to more repressive measures in dealing with its opposition.

In May, several East Pakistani opposition leaders were thrown in jail, and in June, the largest opposition newspaper in East Pakistan was closed down.

--The government's problems in East Pakistan have been further increased by popular dissatisfaction over rising food prices. Recent reports indicate that serious food shortages may develop before summer is over.

In West Pakistan, Ayub continues to face popular discontent over his foreign policies.

--Ayub's opponents have taken the recent renewal of US economic assistance and the nearly concurrent removal from the cabinet of anti-Western (BOO-TOE) Foreign Minister Bhutto as indications that he is veering closer to the West and away from Peking.

--The subsequent brief visit to Pakistan by Chinese Premier Chou En-lai probably reflected Peking's desire to reassess Ayub's position on East-West relations in the light of recent developments.

PAK-4

(BOO-TOE)

--Bhutto, who has considerable popular appeal, could become a thorn in Ayub's side if he allows himself to become a rallying point for the presently disunited opposition forces in West Pakistan.

--Ayub, however, appears to have retained the all-important support of the armed forces and, thus, should be able to survive any challenge to his position in the immediate future.

PAK-5

12 July 1966

NIGERIA

Africa's most populous country (about 50 million) has been ruled by its 10,000-man army since a bloody coup on 15 January swept away the old power structure of the conservative northern Muslims.

- the former federal prime minister and two of four regional premiers were killed along with a number of senior army officers;
- however, the new government has found it necessary to retain much of the old administrative network.

Although the coup was initially accepted with considerable enthusiasm, the future remains very uncertain in a country that has been a stronghold of moderate Africa.

The interim regime was established by army commander (EE-RON-SEE) Ironsi, who took over the coup from the original, younger conspirators. His regime is reformist rather than revolutionary in outlook.

- it has promised to maintain domestic peace, end corruption and tribalism, and provide a new constitution;

NIG-1

- Various commissions will work on the country's problems, with military rule continuing for at least three years;
- In foreign affairs the military government is generally well disposed toward the West and aloof toward the Communist world;
- assurances have been given regarding foreign investments but a more forcefully African posture is taking shape.

Internally the country is headed for a stronger central government, but there is strong opposition in the north to the government's reforms.

(EE-RON-SEE)

- Irons's plans for a unitary government and a unified civil service provoked antigovernment demonstrations in several northern cities, (HOW-ZA) (EE-BO) where rioting Hausas attacked Ibo tribesmen from the south; over 100 persons were reportedly killed and several hundred injured before order was restored;
- the nature of the demonstrations may indicate some coordination among northern political leaders and civil servants, unhappy over the January coup which they view as an "Ibo takeover";

NIG-2

- northern civil servants fear replacement by better qualified southerners.
- since the disturbances the government has virtually retracted its stand on centralization and has indicated a willingness to discuss important matters with the traditional Northern leaders;
- tensions and tribal enmities probably will continue with the possibility of renewed outbreaks of violence in the north or in other parts of the country.

An early breakdown of discipline in the army, which has its own intertribal tensions, continues possible.

- there was reluctance to test the army's cohesiveness during the recent disturbances;
- the ability of the country's relatively small security forces (police 18,000; army 10,000) to ensure law and order is problematical;
- the younger officers active in the January coup remain a problem; most are in detention, but are still widely regarded as heroes;
- some Western observers anticipate more coups by army elements.

NIG-3

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Over the longer run, there is a real question whether the politically inexperienced new leadership will be able to cope with the basic problems of regionalism, tribalism, and underdevelopment any more successfully than the old government.

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GHANA

(QUAH-ME EN-CREW-MAH)

In Ghana, where the radical regime of Kwame Nkrumah fell apart last February while he was in Peking, the new leaders are Western-oriented political moderates.

- the senior army and police officers had long been dissatisfied with Nkrumah's arbitrary rule, ties with Communist countries, and economic follies;
- since their take-over, they have given every indication of being particularly friendly to the United States;
- the change of regime has been popular with the general public and virtually all segments of Ghanaian society.

The interim regime set up by the coup leaders seems to be functioning reasonably smoothly.

- general policy is set by a National Liberation Council of army and police officers, (AN'-KRAH) headed by popular General Joseph Ankrah;

GHA-1

- several specialized committees, such as foreign affairs and economics, are staffed by able and generally Western-oriented senior civil servants;
- over 1,000 Nkrumah-regime opponents were released from detention and others have returned from exile. In turn, at least 500 Nkrumah-regime activists were incarcerated, although small groups are now being released.

The new leaders have promised to return Ghana to representative civilian government, but evidently will be in no hurry to do so.

- they are publicly committed to sponsoring a new constitution and turning power over to whatever political force emerges from free elections;

(AN'-KRAH)

- However, General Ankrah has indicated privately that the country must first undergo a period of re-education for 18 months to two years;

- Recently, the governing council yielded to pressure and set up a 23-member political advisory committee;

GHA-2

--For the present all political parties and activities remain proscribed, but some continue nevertheless.

In the economic sphere, which offers the most pressing problems, the new regime appears to have a sound appreciation of the magnitude of its task and a determination to take whatever measures are required.

--in addition to emergency aid provided by the International Monetary Fund and the US, help has also been forthcoming from West Germany, Canada, and the UK;

--A three-month respite from external debts was won in June from the creditor nations.

In external affairs, the new government has greatly reduced Ghana's involvement with the Communist world and aligned it with the moderate African states.

--Soviet and Chinese technicians have been expelled and their embassy staffs sharply limited. Other bloc embassies have been closed and a complete rupture with Peking

GHA-3

may occur;

- Most Ghanaian embassies in bloc countries are being closed and the number of Ghanaian students (about 1,000) is to be reduced;
- In Africa the new regime has won general acceptance, and relations with moderate neighboring states have markedly improved.

Provided no serious split develops within the ruling junta, the new regime seems securely in power for some time to come.

- Unavoidable additional economic hardships may well further dissipate the postcoup elation;

- Nkrumah apparently does not pose any real threat, although he clearly harbors dreams

of a comeback;
(SAY'-COO TOUR-AY')

- Guinea's Sekou Toure made threatening noises about a forceful restoration, but there are now indications he has begun to back off.

GHA-4

12 July 1966

DCI BRIEFING NOTES

THE HORN

I. The Horn of Africa (Ethiopia, Somalia, French Somaliland) remains an area of endemic instability.

A. Haile Selassie still is the major influence in the area, but at 74 plus his grip is weakening somewhat and some jockeying for position has already begun.

1. Young educated Ethiopians in the government and army are anxious for reforms and have been pressuring the Emperor for changes, but he is willing to move only slowly.

2. Most observers discount a coup and the Crown Prince is expected to succeed to the throne. The Crown Prince is pretty much an unknown quantity and may be the center of disputing traditional/modernist forces.

B. Internal dissidence in four Ethiopian border provinces, including Eritrea

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tinued, keeping most of the Ethiopian security forces occupied.

C. The presence of ethnic Somalis in Ethiopia and also in Kenya keeps the pot boiling between these countries.

1. The Somali Republic, with its Soviet-trained and supplied army, is actively working for the union of all Somalis with the republic, and is training and assisting Somalis in Ethiopia and Kenya in guerrilla activities.
2. Ethiopian-Somali border clashes have receded somewhat, but tension on the Somali-Kenya border are high as a result of a sharp step-up in Somali raids in northeast Kenya.

- a. Ethiopia and Kenya, already alarmed by continuing deliveries of Soviet military aid to Somalia, are consulting on ways to stamp out Somali insurgency.

AF-2

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- b. Nairobi recently broke off trade relations with Mogadiscio, halted Somali airflights into Kenya, and is engaging in new tougher security measures, including occasional "hot pursuit" across the Somali borders.

AF-3

12 July 1966

DCI BRIEFING NOTES

ALGERIA
(BOO-MAY-DIEN)

- I. In Algeria, Col. Boumediene's control remains unchallenged. Rumors of impending government shakeups, realignments and in-fighting continue.
- A. He is moving slowly to untangle the problems inherited from Ben Bella last year but discontent has mounted. A severe drought this year, unemployment and lack of development programs and technical and managerial skills remain the principal problems.
- B. Algerian relations with France continue to be fairly good. However, nationalization of 11 mines (compensation promised) and announcement that French-abandoned properties were the property of the Algerian state seem certain to complicate the already difficult economic negotiations which stalled when Foreign Minister Bouteflika abruptly departed from Paris on 29 April.
- C. Boumediene's trip to Moscow in December, his first visit outside Africa as chief of state,

AL-1

seemed designed to get promised Soviet economic projects under way, and to thaw Soviet relations, which had chilled with the June coup.

1. The Soviets agreed to finish the projects under way and apparently no more.
(BOO-MAY-DIEN)
2. Boumediene then endorsed many Soviet positions.
3. However, Algerians seem to be seeking alternative developers for such projects as the Soviet-promised integrated steel complex and may have closed down the Soviet-run petroleum and technical institute near Algiers.
4. The walkout of the Algerian observers from the 23rd CPSU because of the presence of a delegation from the banned Algerian Communist Party has apparently hampered close political relations.
5. Soviet arms and instructors continue to arrive

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AL-2

D. Despite repeated denials of rumors that the US is establishing bases in Morocco and Tunisia, the Boumediene regime acutely fears (BOO-MAY-DIEN) "encirclement." As a consequence, it is mending fences with radical regimes in the Middle East and Africa.

AL-3

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11 July 1966

MOROCCO

Morocco's King Hassan skillfully keeps his opposition divided and off balance, but his relations with France are chilly and those with Spain are complicated by Morocco's territorial claims. Paris and Rabat both recalled their ambassadors last January but seem disinclined to take more drastic steps. Their relations are complicated by:

- the kidnaping in Paris last October of Moroccan opposition leader Ben Barka,
- Moroccan nationalization of French agricultural properties and the imposition of trade controls.

By naming a new ambassador to Madrid, one having personal ties to Franco, Hassan hopes to:

- improve relations with Madrid,
- further Morocco's claims to Spanish-held Ifni and Spanish Sahara.

A recent incident on the undefined Moroccan-Algerian border has brought:

- revived fears of an Algerian invasion,
- stepped-up requests to the US and other Western sources for new military equipment.

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Morocco suffered a severe drought this year, and will need extensive grain imports. With only marginal foreign exchange reserves, it seeks grant aid on exceptionally favorable terms.

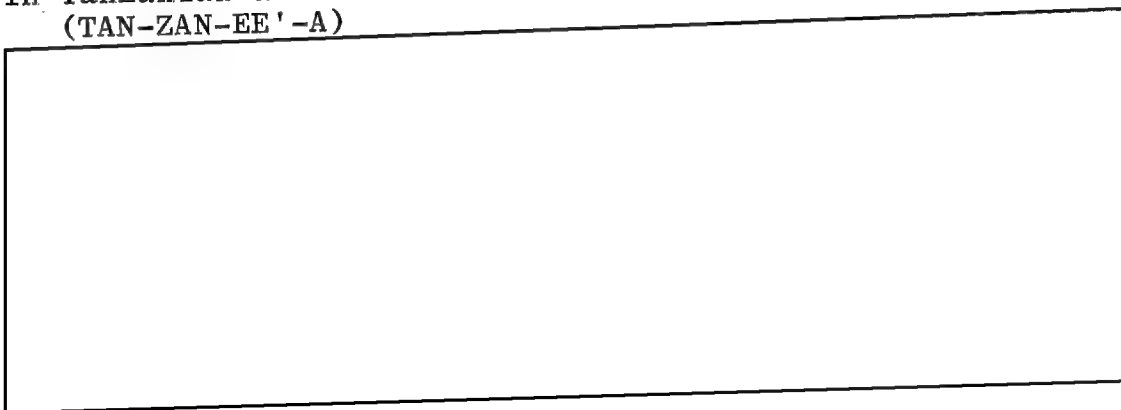
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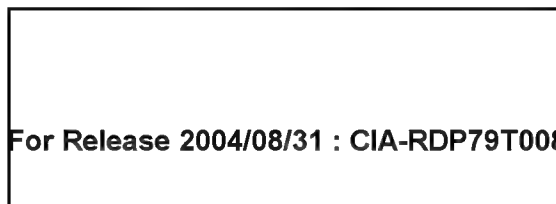
TANZANIA

(NEW-RARE-RAY)

President Nyerere's militant approach to the problems of southern Africa is still the dominant factor in Tanzanian affairs.
(TAN-ZAN-EE'-A)



- Tanzanians have been financially strapped since London withdrew a \$21 million loan last December after Dar es Salaam broke relations over the Rhodesia issue.
- last month they signed their first development loan agreement with Moscow and another small credit agreement with Peking.
- relations with the US have improved slightly, although the Tanzanians remain suspicious of US intentions in southern Africa.
- on Zanzibar the pro-Communists are continuing their efforts to eliminate US influence from the island.



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12 July 1966

UGANDA

(OH-BO-TAY)

- I. President Obote has consolidated his position and made progress toward greater national unity with his decisive move against the rebellious Kingdom of Buganda.
- A. The Kabaka (King) of Buganda--the country's largest and richest region--had been contesting Obote's assumption of full powers last February. The Kabaka's demand in May that the central government vacate the capital city led to the sacking of his palace by the Uganda Army and his own flight into exile.
- B. Obote has now divided Buganda into four administrative units and has stripped its tribal leaders of their special privileges. His actions have been supported by the rest of the country who resented Buganda's superior, semiautonomous status.

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KENYA

- I. President Kenyatta's government and ruling party are now fully in the hands of moderate, constructive elements since the resignations last April of former vice president Odinga and his pro-Communist associates.
- A. Odinga's new opposition party holds only nine seats in the 171 member national assembly and represents no serious threat to the government at this time.
- B. His Communist-financed party failed to win any significant national following in last month's by-elections, but its decisive victory in Odinga's home province reaffirmed his undisputed leadership of Kenya's second largest tribe. He has a firm platform from which to work for the 1968 general elections.

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EGYPT

Egypt's fortunes at mid-1966 appear to be ebbing, but Nasir is expected to retain power. Nasir's plans to dominate a unified Arab world are in abeyance.

--little real threat in the Islamic pact being pushed by King Faysal that Nasir has been viciously attacking--conversely little chance that alliance of "progressive" Arab states that Nasir has proposed will materialize.

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The Egyptian economy faces what may be its worst period since the 1952 revolution.

--Nasir has not given economic reforms of Prime Minister Muhyi al-Din his full support, and these sound measures are faltering.

EGY-1

Despite a recent effort to appear cooperative with the US, Egypt has not obtained a new PL 480 food aid agreement.

--Egypt does not have the foreign exchange with which to buy substitutes for US wheat, which has supplied 80 percent of urban needs for nearly four years, and the USSR is not likely to supply the large quantities needed.

--A serious infestation of cotton leaf worm meanwhile threatens to destroy much of Egypt's main export product.

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IRAQ

President Arif's regime appears to have been somewhat strengthened as a result of crushing the 30 June coup attempt by pro-Nasir Iraqis.

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--the Republican Guard, and other loyal military units, moved quickly to restore order;
(RAZZ-ZACK')
--dissidents led by former Premier Razzaq; he led similar effort that miscarried in September 1965; fled to Cairo;
--he and his associates in Iraq began to plot again, however, when former president Arif, a brother of the present incumbent, was killed in a helicopter crash last April.
(ERR-RUFF)

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(RAZZ-ZACK')

The Egyptians' failure to give Razzaq any material assistance probably will make possible the maintenance of a facade of normal relations between Baghdad and Cairo, as was the case following Razzaq's failure last fall.

--Premier Bazzaz has already publicly described the coup attempt as "a domestic incident" for which the government does not "accuse anyone outside Iraq";

--Nasir, nevertheless, may now have more difficulty in getting the Iraqi Government to cooperate in his proposed alignment of "progressive" Arab states.

(ERR-RUFF)

Arif's success in suppressing the pro-Nasir uprising may help to ease relations with Iran.

--The Shah's fear that Nasir would use Iraq as a base for subverting Iran has been a major cause of strain between Baghdad and Tehran.

Last week's attempted coup is not likely to have any appreciable effect on the troubled Kurdish situation.

--Although some Iraqi Army elements are probably unhappy with the central government's recent conciliatory gestures toward the Kurds, no significant army units joined the putsch attempt of former Premier Abd al-Razzaq;

--The government has put forward a negotiating position that goes much further in meeting Kurdish demands than any previous government gesture;

IRAQ-2

--Baghdad now apparently willing to grant the Kurds a large degree of cultural and administrative autonomy; in addition, (PISH it appears willing to grant a slow phase-out of the "Pish-MAR GAH) Margeh," the irregular tribal armed force under the command of rebel leader Mulla Mustafa Barzani;

--a de facto truce now appears to be in effect in Kurdistan. The government appears sincere in attempting to end the struggle, but mutual suspicions are still strong, negotiations may flounder.

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17 July 1966

SYRIA

In Syria the radical Baathist clique which seized power in February from the relatively moderate leaders of the Baath party is still trying to broaden its base of support and is threatened by increasingly serious internal factionalism.

- the Baathists have made overtures to all "progressive elements," including Syrian Communists;
- the present cabinet includes one Communist and the leader of the Syrian Communist party was permitted to return in April after eight years in exile;
- the regime also attempting to improve relations with Egypt's Nasir, a long-time enemy of the Baathist movement.
- more importantly, the Syrians are working hard to warm their relations with the USSR. Moscow, evidently seeing the chance of a new break in the situation, agreed in April to provide \$150-175 million in Soviet credits for construction of Syria's long-planned dam on the Euphrates River.

SYR-1

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11 July 1966

DCI BRIEFING NOTES

THE ARAB-ISRAELI SITUATION

- I. In the Middle East, trouble over the Arab scheme to deprive Israel of some of the Jordan River water has diminished for the time being.
 - A. Arab leaders decided last September to avoid further clashes with Israel over this issue until Arab military strength is increased.
 - B. Work on the diversion canals in Syria and Lebanon accordingly was postponed, but Lebanon and Jordan are planning to construct two related dams which Arab leaders do not consider to be "provocative."
 - C. The decision to slow down was prompted by the exposure of Arab military weakness in the face of Israel's artillery strikes against Syrian canal construction sites on three occasions last year.

ARIS-1

II. Tension between Syria and Israel remains at a high level. Israel might strike directly at Syria, which has long supported the Fatah, if terrorist activities continue along the Syrian border. Israel has previously retaliated against alleged Fatah terrorist bases in Lebanon and Jordan whose governments oppose the Fatah.

III. The announcement on 20 May of the US sale to Israel of "a limited number of tactical aircraft"

[redacted] has been interpreted by Nasir and anti-US Arab extremists as confirmation of US favoritism toward Israel. Nasir has attempted to link Saudi Arabia and Jordan with the US-Israel agreement because of their recent arms agreements with the US.

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ARIS-2

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11 July 1966

~~DCI BRIEFING NOTES~~SUDAN

~~E.~~ In Khartoum, the moderate government has made little progress in establishing a stable government and solving the Sudan's many problems.

~~E.~~ - The rural-based Umma Party which dominates the coalition regime is ~~now~~ divided among conservative older party members and a younger group favoring modernization and the development of urban influence.

~~E.~~ - The government has made no real progress thus far in reaching a political compromise with Negroid separatists in the three southern provinces.

~~E.~~ - The military campaign in the south, where more than two-thirds of the 18,000-man army is bogged down, continues at a stalemate. The southern politicians remain disorganized and probably have little control over the active dissidents. A new government initiative to promote peace talks ~~is~~ ^{was} under way in early June, but the conflict may drag on indefinitely.

SU-1

II. The Sudan Communist Party was proscribed in late 1965, but still retains influence in the trade-union movement and in student and professional groups.

A. The Communists can probably exploit both the deteriorating economic situation and a growing sense of discontent within the military over the southern military campaign.

SU-2

12 July 1966

CUBA

Fidel Castro's three vigorous appearances since 29 June dispel recent rumors concerning his state of health and changes in his political position.

--withdrawal from public view in May and June and increasingly bellicose behavior during the past six months, however, may reflect Castro's personal frustration over the regime's inability to resolve basic economic and administrative problems;

--administrative purges of medium-level government officials in March and April and the March show trial of two army majors probably largely aimed at restoring revolutionary dynamism to the regime and at discouraging other would-be plotters against Castro;

--this spring Castro attacked the leaders of Communist China, Chile, and Yugoslavia and on 1 May implicitly criticized USSR for not giving more assistance to North Vietnam;

CUBA-1

--a state of alert was declared throughout Cuba on 27 May following the killing of a Cuban soldier by a sentry at the Guantanamo Naval Base on 21 May;

--Castro may have believed the US was contemplating an attack, but it is more likely that he was concerned about Cuban exile threats and alleged assassination plots;

--Castro probably escalated the "crisis" to divert public attention from pressing economic difficulties, to test the efficiency of the Cuban defensive system, to provide training for the armed forces, and to flush out "counterrevolutionaries."

Castro's position apparently remains pre-eminent; nevertheless, several other military and party figures are beginning to share the limelight. President Dorticos' stock, in particular, continues to rise.

--^{the 3 and}In/5 July interview, Castro reiterated the theme that "as the revolution grows stronger, individuals become less important,"--a reflection of his confidence in the Cuban Communist Party and the continuing institutionalization of the regime under its aegis;

CUBA-2

--party has probably grown somewhat beyond 55,000 members--chosen for their loyalty and dedication to Castro;

--There is effective collaboration of party and military cadres (two thirds of the party's central committee members are commissioned officers).

Castro recognizes that he has no alternative to continued large-scale aid from the Soviet Union and as a result continues to favor Moscow while relations with China have been deteriorating.

Castro probably no longer views all of Latin America as on the brink of revolution but zeroes in on specific target countries, e.g., Venezuela, Colombia, and Guatemala.

--Nevertheless, Cuban propaganda on behalf of armed revolution has been pushed up several notches since the January Tri-Continent Conference, and Cuba reportedly has sent military personnel to help insurgents in the Congo and to train native and foreign cadres in Brazzaville.

Cuba's economic performance is spotty and the long-range outlook remains uncertain. The 1966 sugar

harvest of slightly less than 4.5 million tons was two million tons short of the goal, and the outlook for future sugar earnings is clouded by continuing harvesting and milling problems, and by uncertain world prices.

CUBA-4

12 July 1966

COLOMBIA

Colombian politicians are quietly preparing themselves for the horse trading that is sure to follow the 20 July convocation of the new congress.

--The governing National Front won about 55 percent of the popular vote--not seats in congress--in the congressional elections on 20 March;

--the opponents of the National Front can block government programs if they control one third of the seats.

--Lleras is maneuvering to prevent this,

--the alignment of the new congress will not be clear until after it convenes on 20 July.

(YER'-RAS RES-TREH'-PO)

--Carlos Lleras Restrepo, elected president by

a two-to-one majority on 1 May, is expected

to follow generally the policies of the present government;

--he will be inaugurated on 7 August;

--he visited several Latin countries recently

and stressed economic integration with US aid.

--at his invitation the presidents of Ven. and Chile and possibly of Peru and Panama will meet him in Bogota in August.

COL-1

The Communists and other potential insurgents are still split into several ineffective groups.

--The Moscow-line Communist Party may, however, be preparing to play a more active role in insurgency.

The army and police devoted their major effort to guarding the polls and maintaining law and order during the electoral period.

--They are returning now to the same slow but successful counterinsurgent program that produced such good results against bandits and guerrillas in 1964 and 1965.

COL-2

12 July 1966

DCI BRIEFING NOTE

GUATEMALA

(WHO'-LEE-O SEH'-ZAR MEN-DEZ MON-TAY-NEH'-GROW)

I. On July 1 Julio Cesar Mendez Montenegro was inaugurated as president for a four-year term.

A. Mendez' left-of-center Revolutionary Party (PR) has a majority of 30 in the 55-seat congress, and has had cooperation from the rightist Institutional Democratic Party (PID), which holds 20 seats.

B. The far-rightist National Liberation Movement (MLN), has only five legislative seats.

D. Mendez has so far exhibited an acute awareness of the need to placate powerful rightist military

GUAT-1

and business groups and has made constructive efforts to allay their suspicions of his liberal bent.

II. Guatemala's security problems continue.

- A. Since early May, the Communist Party action arm, the FAR, has kidnapped three high-level government officials and two youths and has engaged in other, familiar hit-and-run terrorist activities. On 24 June, a wealthy attorney was kidnaped and later released for \$100,000 ransom.
- B. The three government hostages have been used to pressure for the release of Communists imprisoned by the government in early March. Some of the Communist prisoners are known to have been executed, but the government has publicly maintained that the terrorists' claim that their cohorts are being held is fiction.
- C. One of the kidnapped government officials escaped on 9 June, and provided information which may help security forces trail the terrorists and locate the other victims.
- D. Two youths kidnapped on 8 June are being held for \$20,000 ransom each.

GUAT-2

III. There has been some noticeable increase in public tension because of the government's inability to halt terrorist activity, but the apprehension so far has not come close to the near-panic which the capital experienced last December when the level of terrorism reached its height.

IV.. Although the successful transition from military to civilian government has done much to dissipate the politically tense atmosphere prevailing a few months ago, prospects for stability remain uncertain.

A. As a civilian and a liberal, Mendez as president will be subject to close scrutiny by the military and will have little margin for error.

GUAT-3

25X1

12 July 1966

BRAZIL

- I. Brazil is entering a difficult political period as the country prepares for important national and state elections.
- A. In September the legislatures in half of the 22 states--including politically important Sao Paulo--elect new governors.
 - B. On October 3, Congress will elect a new President to succeed Castello Branco next March 15.
 - C. On November 15, Brazilians will elect all 409 members for a new Chamber of Deputies, and one third of the 66 Senators.
- II. President Castello Branco has attempted to prevent the political chaos that normally accompanies an election year by forcing the reorganization of two new political parties to replace the 13 that existed before all parties were abolished in October 1965.
- A. One of the two parties formed, the progovernment National Renewal Alliance (ARENA),
(COS-TAH EH SIL'-VAH)
nominate^d War Minister Costa e Silva, an army general, as its presidential candidate.

25X1

B. ARENA's candidate is strongly favored to win the presidency, since the party holds a substantial majority in congress. The executive committee of the opposition party, the Brazilian Democratic Movement (MDB), has recommended that the party abstain from presenting candidates in the indirect elections.

III. The Castello Branco government has provided relative stability during its two-year rule, but public unrest is growing somewhat.

A. Organized labor is increasingly dissatisfied with the government's inability to control the persistent inflation, which has been slowed but remains high--prices rose 21 percent during the first five months of 1966.

B. Administration opponents are seeking to exploit the unrest with stronger attacks on the government.

BRA-2

- C. Military hardliners continue to seek more drastic measures to ensure the success of the movement that overthrew the Goulart regime in 1964. Castello Branco retains strong support from the large majority of his senior commanders, however.
- D. Communist subversion has been generally contained, but Communist influence is reappearing among unions and student groups.

IV. Substantial progress has been made in the groundwork necessary for long-term economic growth and social improvement.

- A. The government has given priority to controlling the inflation, and is likely to continue to do so: the cost-of-living increase in 1965 was 45 percent, but this has to be compared with the annual rate of increase of 140 percent at the time of Goulart's ouster in April 1964.
- B. Brazil's fiscal position has improved greatly under Castello Branco: the budget deficit has been sharply reduced; foreign exchange reserves have grown considerably.

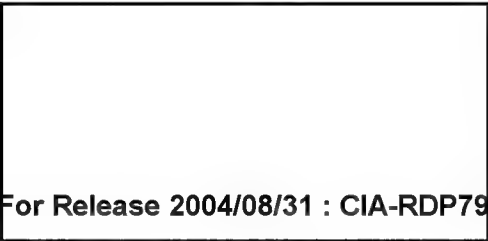
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C. Important reforms have been instituted in banking, in tax system, and in agriculture, and others are planned soon in the government's administrative structure, housing, and education.

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12 July 1966

PERU

At present Peru's internal security situation is quiet. The Peruvian Government's success against Movement of the Revolutionary Left (MIR) guerrillas has caused serious disarray in the MIR organization. Insurgency is now so limited and disorganized that army troops have returned to their barracks.

--The MIR will undoubtedly have to go through a lengthy period of retrenchment and reorganization before it can again operate effectively.

Government resources and attention can now be concentrated more fully on the socioeconomic reform programs of President Belaunde.
(BAY-LAH-OON'-DAY)

--Progress on reforms, which is dependent upon executive-legislative cooperation, faces an increasing political threat. The opposition APRA party, dominant in

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congress, has taken a very hard line toward the program, including censure of cabinet ministers.

--Negotiations between the Peruvian Government and the US-owned International Petroleum Company over the status of IPC concessions in Peru are continuing. The principal obstacle to an equitable solution to the problem seems to be political rather than economic at this point. No solution seems in sight before the end of the year.

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PERU-2

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12 July 1966

GUYANA

Guyana, formerly British Guiana, became an independent, if troubled, member of the British Commonwealth on 26 May 1966, with Linden Forbes Burnham as prime minister.

--Burnham's People's National Congress and Finance Minister Peter D'Aguiar's United Force govern in uneasy coalition, opposed by the once-dominant pro-Communist People's Progressive Party led by Cheddi Jagan;

--Early in 1969, the National Assembly will probably opt to change Guyana to a republic, abolishing the present British representation.

According to the constitution, elections must be held by late 1968. They will use proportional representation, an electoral system which favors the pro-Burnham Negroes and part-Negroes (44 percent of the population). Burnham, however:

--fears the voting strength of the pro - Cheddi Jagan East Indians, now 50 percent of the population and increasing rapidly;

GUY-1

--would like to import Negroes from other parts of the Caribbean or join Guyana in a federation with predominantly Negro Caribbean nations to offset East Indian voting strength; --might also try to rig or postpone the elections--anything to remain in power.

Both the government and its opposition are beset with difficulties.

--Burnham's coalition is an unnatural mixture of conservatives and pragmatic socialists who got together only to keep Jagan out of office; (DUH-GARR)
--Burnham wants a republic but D'Aguiar favors continued close ties with Britain;
--D'Aguiar has threatened to leave the government many times because of Burnham's "fiscal irresponsibility," and because Burnham has not consulted him on government policies.

Various leaders of Jagan's Pro-Communist People's Progressive Party--the PPP--have wanted the party to use violence against the Burnham government. Jagan, however:

--fears that Burnham's government might take extreme repressive measures against himself and the PPP,

- has been unable to make up his mind whether to risk violence,
- has let his indecision prevent the PPP from acting effectively.

Although the Burnham government is slowly improving the country's economic prospects, there is still a wide variety of serious challenges:

- unemployment now stands at over 20 percent and is rising;
- the country's surplus, high-cost, rice production is difficult to market;
- British troops, the main stabilizing factor in the country, are scheduled to leave in October; Guyana's security forces will probably not be able to deal with more than small-scale violence;
- border disputes with Venezuela and Surinam are likely to be settled peaceably;
- Venezuela claims over half of Guyanese territory. Last February, a mixed Venezuelan-Guyanese committee was charged with finding a solution within four years. If they fail, some of the peaceful procedures prescribed in the UN charter are to be invoked.

GUY-3

12 July 1966

VENEZUELA

At this time Venezuela is one of the more politically stable and economically sound nations of Latin America. Although it has been beset in recent years by numerous political problems, the government has successfully weathered all storms. One of Venezuela's major problems concerns the leftist guerrillas and terrorists.

--The Communist Party, or PCV, and the Movement of the Revolutionary Left, or MIR, are at odds but apparently are still allied and still jointly direct the FALN--the Armed Forces of National Liberation.

--FALN activity throughout 1965 and through mid-July 1966 has been slight and for the most part purely defensive, however, and many PCV and MIR leaders now want to abandon violence in favor of more legitimate political action.

VEN-1

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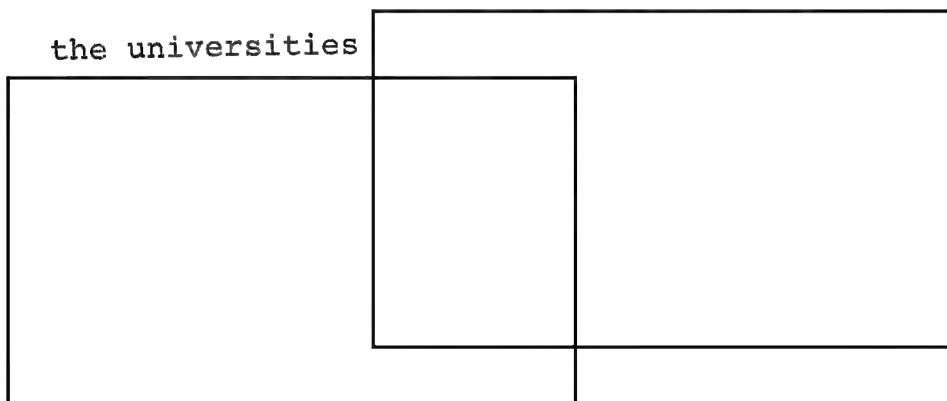


The more militant members who favor expanded guerrilla and terrorist operations have bolted the established parties and set up their own FALN, apparently with Cuban support.

--about 250 guerrillas are still in the field, although generally inactive for the moment. They are supported by about 500 urban sympathizers, many of them in the universities

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VEN-2

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12 July 1966

ECUADOR

Ecuador faces converging adverse factors which contain the explicit threat of instability and Communist penetration at the top. An interim civilian regime proposes elections in September to a constituent assembly

25X6

25X6

while economic and political considerations imperil the government.

Of prime concern to the government is fiscal deterioration stemming from:

- unfavorable international trade conditions,
- irresponsibility of politically influential export-import interests,
- development expenditures of the previous regime.
- the cost of living has been rising, real wages falling, the usually stable currency has declined, and monetary reserves are at a critical low--\$16 million.

ECU-1

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--the recent \$10-million budget support loan should help the financial situation, but this is only a stop-gap measure.

The political future is uncertain and remains threatened by ex-President Velasco Ibarra who returned from exile on May 24.
(VAY-LAS-KO EE-BAH-RAH)

--Political parties are weak, disorganized, and intent upon exploiting the constituent assembly currently scheduled to be elected 3 September and convened 3 November.

--Interim President Yerovi may be named to a four-year term by the assembly.

--Many politicians hope to use the assembly to bar re-election of ex-President Velasco.

Velasco could probably win a direct presidential election which he demands instead of indirect elections through a constituent assembly.

--Communists and extremists have shown ability to exploit uncertainty, have been favored by the permissiveness of Yerovi, and stand ready to exploit Velasco to gain power from the top.

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The armed forces, the only significant institution outside of the church, have lost prestige through the March 1966 fall of the military government and are reluctant to resume power.

--some officers might try to forestall
(VAY-LAS-KO)

Velasco by a coup, but this could provoke the people and oblige resort to a harsh dictatorship.

--enlisted ranks tend to favor Velasco, but the high command strongly opposes him and backs the Yerovi government in its plan for a constituent assembly.

ECU-3

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11 July 1966

BOLIVIA

(BAH-RAY-EN-TOES)

Rene Barrientos and his Bolivian Revolutionary Front (FRB) won a decisive victory in the 3 July national elections, although final results are not yet known.

Maneuvering is going on behind the scenes over minority congressional seats, and announcement of election returns has therefore been suspended. However:

--Barrientos' FRB is guaranteed a four-fifths majority of the 102 deputy and 27 senatorial seats,

--in a close race, the Christian Democratic Community, a front for the rightist Bolivian Socialist Falange (FSB), is in second place,

--Victor Andrade's faction of the Nationalist Revolutionary Movement is running third.

The Barrientos regime will be faced with a variety of new and inherited problems when it takes office on 6 August. Politically:

--The FRB is not a cohesive, disciplined political force and could disintegrate in the near future,

BOL-1

--The FSB may seek inclusion in the government,
--the new president may have to rebuild his political base, possibly moving his political philosophy to the right because of pressure from the military and the FSB.

(BAH-RAY-EN-TOES)

Barrientos will also be faced with several chronic economic problems, including a budget deficit. The unfamiliarity of the new leaders with these problems may cause considerable delay in developing an economic program.

The major problem for Barrientos is to obtain the withdrawal of the armed forces from active control of the government. As in the past, General Alfredo Ovando is the key to future government-military relations. If an issue develops between these two mutually antagonistic men, there could be trouble. Ovando reportedly:

--told foreign correspondents on 4 July that "the armed forces will observe the new government and will act again if they think that the interests of the people are not well served,"
--did not set a limit on how long the military would give Barrientos to prove himself.

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12 July 1966

NATO

The negotiations with France on its military withdrawal from NATO remain in the probing stage, and final outcome is anybody's guess.

The French-German talks regarding a new basis for the continued stationing of French troops on German soil have so far had no decisive result.

--the German offer of 30 June--an interim arrangement--was apparently accepted by Paris in its 7 July aide memoire.

--the French reiterated, however, that the 1954 agreements are still sufficient legal basis for the troops to remain--if Bonn wants them.

After weeks of sparring and procedural difficulties, the Fourteen may be able to agree this week to pose questions designed to smoke out precise French intentions.

25X1

NATO-1

--France may also be asked whether it will continue to pay its previous share to NATO military budget, whether NATO-financed infrastructure still available to allies, whether France will help pay for relocation of NATO facilities outside France.

Since French position on such specifics is so ambiguous it appears high time such questions were asked.

--although French have hinted forces might be made available in wartime, they have been vague on detail and insisted this purely "military" matter.

--although they have hinted they might pay for some NATO projects, question is whether they should be allowed to pick and choose in this way.

--we have been told even so basic question as continued participation in NATO military committee has been subject of some argument in French Government.

Ambiguity in French position is probably in part sharp tactics and in part also absence of final decisions by De Gaulle.

NATO-2

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--However, we think De Gaulle will find it difficult to strike balance he apparently wants between being formally allied and being free from binding arrangements.

Finally, US has begun physical withdrawal from France, but numerous issues this raises as well as other bilateral questions between us still are to be negotiated.

25X2

NATO-3

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